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Message Text

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66
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 PA-02 PRS-01 USIA-15 L-02 FEA-01

/072 W
---------- 079200
R 271600Z FEB 75
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 6005
INFO AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE

UNCLAS GUATEMALA 1096

ROCAP

E.O. 11652: N/A
SUBJECT: PRESS BLEAK ON CACM

REF: GUATEMALA 1060

1. IN THE ABSENCE OF A COMMUNIQUE ON LAST WEEK'S MEETING OF CA MINECONS, SEVERAL NEWSPAPERS REPORTED THE SESSION AS A FAILURE. THIS MEDIA ATTITUDE IS REFLECTED IN A FRANCE PRESSE DESPATCH CARRIED BY FEB 25 MIAMI HEARALD,STATING CACM "APPEARED MONDAY ON THE ROAD TO A BREAKUP". WE BELIEVE SUCH REPORTS CONSITUTE GROSS EXAGGERATION OF CURRENTLY STICKY IMPASSE ON NICARAGUAN RESTRICTIONS AFFECTING CERTAIN GUATEMALAN AND SALVADORAN EXPORTS.

2. SOMBER REPORTS ARE BASED ON WHAT WE BELIEVE IS A MISTAKEN

NOTION THAT SINGLE PURPOSE OF CA MINECONS' MEETING
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WAS TO FIND IMMEDIATE SOLUTION TO TRADE PROBLEMS. AS

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POINTED OUT IN REFTEL, THE ORIGIN, SCOPE AND SIGNIFICANCE
OF THE REGIONAL MINECON SESSION WERE MUCH BROADER AND
DEEPER. FAILURE TO PRODUCE A QUICK SOLUTION OF THE TRADE
PROBLEM, ALTHOUGH SIGNIFYING IMPERFECT MILIEU FOR RECENTLY
STEPPED-UP INTEGRATION EFFORTS, DOES NOT PORTEND IMMINENT
DEMISE OF SUCH EFFORTS, NOR OF WHAT REMAINS OF CACM, EVEN THOUGH
DANGER OF SERIOUS CONFRONTATION ON THIS ISSUE
PERSISTS. AS REPORTED IN REF, MINECONS APPROVED BUDGET
INCREASE FOR CACM SECRETARIAT (SIECA), ESTABLISHED REGIONAL
ENERGY COMMISSION, AND AGREED TO REVIVE ECLA COMMITTEE ON
ISTHMIAN ECONOMIC COOPERATION AS REGULAR FORUM FOR CA
MINECONS, PENDING TRANSFORMATION OF CACM INTO CA ECONOMIC
AND SOCIAL COMMUNITY (CAESC). THE MINISTERS ALSO RESOLVED
TO REASSESS BOTH REGIONAL AND NATIONAL EXPORT PROMOTION
PROGRAMS (SEE SEPTEL).

3. IN AN EFFORT TO COUNTER ADVERSE MEDIA COVERAGE OF CA
MINECONS' MTG, GOG MINISTER PALOMO AND INTEGRATION VICE
MINISTER BARRIOS HELD A SPECIAL PRESS CONFERENCE FEB. 24.
PALOMO EMPHASIZED THAT NICARAGUA'S RESTRICTIVE MEASURES
WERE NOT REPEAT NOT TAKEN OUTSIDE THE CACM FRAMEWORK
BUT, ON THE CONTRARY, IN ACCORD WITH AGREEMENTS ACCEPTED
BY ALL FIVE CA'S IN 1973. IT WAS NOW UP TO GUATEMALA
TO NEGOTIATE A LIFTING OF THESE SELF-IMPOSED RESTRICTIONS,
AND NICARAGUA HAD ALREADY AGREED TO CONTINUE NEGOTIATIONS
BY MARCH 15.

4. INTEGRATION VICE MINECON BARRIOS POINTED OUT THAT THE
PRODUCTS UNDER NEGOTIATION CONSITUTED 18.6 PER CENT OF
GUATEMALA'S EXPORTS TO NICARAGUA, OR ABOUT $5 MILLION OUT
OF TOTAL SHIPMENTS TO THAT COUNTRY AMOUNTING TO SOME
$22-24 MILLION. HE ADDED THAT RECENT GUATEMALAN "SENSITIVE"
EXPORTS TO NICARAGUA (TEXTILES, CLOTHING AND SHOES) HAD BEEN
IN EXCESS OF AGREED QUOTAS, AND THAT IN LAST WEEK'S MEETING
OF INTEGRATION VICE MINISTERS NICARAGUA HAD AGREED TO RAISE
QUOTAS ABOVE THE LEVELS OF RECENT SHIPMENTS.

5. PALOMO NOTED GUATEMALA COULD SUSPEND TRADE WITH NICARAGUA
IF AGREEMENT WERE NOT REACHED ON THE "SENSITIVE" ITEMS. BUT
HE WARNED THAT SUCH ACTION WOULD AFFECT THE REST (81.4 PERCENT) OF
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THE COUNTRY'S EXPORTS TO NICARAGUA.

6. IN A RELATED ACTION, THE GUATEMALAN AND SALVADORAN
DELEGATIONS TO THE MINECON MTG RESOLVED TO SEEK AN END
TO THE QUOTA SYSTEM ON SENSITIVE ITEMS, AND A RETURN TO
FREE TRADE. PARKER ACTING
.../... ALSO PASSED INFO USAID/GUATEMALA
ANDREWS

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